

Message Text

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ACTION STR-07

INFO OCT-01 EUR-12 IO-13 ISO-00 STRE-00 AF-10 ARA-10
EA-10 NEA-10 OIC-02 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05
SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01
DOE-15 SSO-00 DOEE-00 JUSE-00 /168 W
-----091303 111900Z /44

P 111819Z JUL 78
FM USMISSION GENEVA
TO SECSTATE WASHDC PRIORITY 1906
INFO AMEMBASSY BRUSSELS

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USMTN USEEC

ACTION STR

STR PASS CODEL

E.O. 11652, N/A
TAGS: ETRD, MTN
SUBJECT: MTN: JULY 10 INFORMATIONAL MEETING

REF: GENEVA 09963

1. SUMMARY: JULY 10 "INFORMATIONAL" SESSION OF MTN PARTICIPANTS PROVIDED OPPORTUNITY FOR AMB. STRAUSS TO REVIEW ACHIEVEMENTS IN NEGOTIATIONS TO DATE, AND TO POINT TO WORK REMAINING DURING COMING MONTHS. HAFERKAMP AND USHIBA JOINED IN ASSESSMENT. LDC'S EXPRESSED APPRECIATION FOR MEETING AND RELIEF THAT JULY 15 WAS NOT A "CUT-OFF" DATE FOR NEGOTIATIONS, WHILE CONTINUING TO
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EXPRESS THEIR APPREHENSION ABOUT VARIOUS ASPECTS OF NEGOTIATIONS, ESPECIALLY POSSIBLE EROSION OF MFN PRINCIPLE IN THE DISCUSSION OF SELECTIVITY IN SAFEGUARDS. END SUMMARY.

2. IN HARD-HITTING OPENING STATEMENT, AMB. STRAUSS REVIEWED PROGRESS TO DATE, SAID U.S. DELEGATION WAS

SEEKING TO REACH MAXIMUM AGREEMENTS WITH MAXIMUM PARTICIPANTS THIS WEEK, BUT NOTED THAT MUCH WOULD BE LEFT TO BE FINISHED IN MONTHS FOLLOWING JULY 15 SELF-IMPOSED TARGET. AMONG AGREEMENTS POSSIBLE THIS WEEK, AMB. STRAUSS MENTIONED CUSTOMS VALUATION, STANDARDS, AND GOVERNMENT PROCUREMENT, WHILE HOPEFUL THAT TOUGH ISSUES ON SUBSIDIES COULD BE RESOLVED. U.S. WAS NOT SATISFIED WITH LEVEL OF TARIFF OFFERS, WHERE MUCH WORK REMAINED TO BE DONE, ESPECIALLY THE KEY AREA OF AGRICULTURE WHERE GREAT IMPROVEMENT WAS NECESSARY. AMB. STRAUSS ALSO INFORMED THE GROUP U.S. CAN NEGOTIATE AN ENABLING CLAUSE FOR SPECIAL AND DIFFERENTIAL TREATMENT FOR LDC'S IN GATT TRADING RULES. U.S. IS ALSO ABLE TO AGREE THAT UNDER CERTAIN CIRCUMSTANCES SELECTIVE SAFEGUARD ACTIONS MAY BE NECESSARY, BUT THAT ANY SUCH SELECTIVE ACTION WOULD NEED TO BE SUBJECT TO STRICT CONTROLS.

3. EC VP HAFERKAMP SOUGHT RELIEVE LDC'S APPREHENSION THAT NEGOTIATIONS MIGHT BE SUDDENLY CONCLUDED JULY 15 STATING THAT END OF YEAR WOULD BE MORE REALISTIC, BUT THAT IT WAS NECESSARY TO KEEP UP THE MOMENTUM. ON SAFEGUARDS, HAFERKAMP SAID EC WAS SEEKING BALANCED NEW PROCEDURES DESIGNED TO BRING SAFEGUARD ACTIONS BACK UNDER GATT SCRUTINY OBSERVING THAT THEY WERE NOW TAKING PLACE OUTSIDE THE GATT.

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4. JAPANESE MINISTER USHIBA SECONDED PREVIOUS SPEAKERS, SAID GREAT PROGRESS HAD BEEN MADE IN TARIFF OFFERS AND MORE WAS POSSIBLE DEPENDING UPON WHAT OTHERS DO. JAPAN ALSO COULD CONSIDER AN ENABLING CLAUSE FOR LDC'S, WHILE CALLING ON LDC'S TO CONTRIBUTE TO THE NEGOTIATIONS AS WELL. HE ALSO INDICATED THAT NEGOTIATIONS THIS WEEK SHOULD BE CONDUCTED ON THE BASIS OF MATCHING IMPROVEMENT WITH IMPROVEMENT RATHER THAN WITHDRAWALS FOR WITHDRAWALS.

5. LDC SPOKESMAN, DR. TOMIC OF YUGOSLAVIA, EXPRESSED APPRECIATION FOR STATEMENTS, NOTED THAT WHILE NEGOTIATIONS SHOULD BE CONCLUDED AS RAPIDLY AS POSSIBLE, THAT QUALITY WAS MORE IMPORTANT THAN EARLY COMPLETION. TOMIC NOTED THAT AGREEMENTS COULD NOT JUST BE AMONG BIG THREE AND AGAIN PROPOSED NEW NEGOTIATING RULE THAT TWO-THIRDS'S MAJORITY, OR PREFERABLY CONSENSUS, SHOULD BE REACHED ON ANY AGREEMENTS BEFORE THEY WERE OPENED FOR SIGNING. (SEE PARA 2 OF REFTTEL). HE NOTED LDC'S BELIEVED NEGOTIATIONS WERE NEGATIVE FOR THEM AT THIS STATE, POINTING TO DISAPPOINTING TARIFF OFFERS, LACK OF SPECIAL AND DIFFERENTIAL TREATMENT IN CODES, AND NOTING THAT ADOPTION OF SELECTIVITY IN SAFEGUARDS WOULD BE

AGAINST BASIC LONG RUN INTERESTS OF ALL LDC'S.

6. TOMIC'S STATEMENT WAS SUPPORTED AND AMPLIFIED BY 13
OTHER LDC SPOKESMEN. AMONG POINTS MADE WERE THE
FOLLOWING:

-- LDC'S WERE DISAPPOINTED WITH TARIFF OFFERS RECEIVED,
AND MIGHT HAVE TO WITHDRAW OFFERS THEY HAD MADE
WHICH DID NOT APPEAR TO BE VALUED HIGHLY BY DC'S.

-- REJECTION OF ANY DIFFERENTIATION AMONG LDC'S WHICH
COULD LEAD TO THE "GRADUATION" OF THE MOST ADVANCED.

-- LLDC SPOKESMAN REPEATED APPEAL FOR SPECIAL TREATMENT
FOR POOREST COUNTRIES.
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7. COMMENT: WHILE LDC'S WERE AT LEAST AS CRITICAL ON THE SUBSTANCE OF THE MTN AS AT THE JULY 3 TNC (SEE REFTTEL), THE TONE WAS MUCH BETTER, WITH NO CALLS FOR FURTHER FORMAL MEETINGS OF THE TNC. LDC CONTRIBUTIONS AND PARTICIPATION IN THE CODES WILL DEPEND HEAVILY UPON HOW THEIR SPECIAL INTERESTS ARE MET AS THE CODES ARE FINALLY ELABORATED.

8. DRAFTED BY KNEPPER MCDONALD

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